

**Village of Fowler  
Business-type Activities**

**FINANCIAL STATEMENTS**

**December 31, 2004**

Village of Fowler  
BUSINESS-TYPE ACTIVITIES

December 31, 2004

VILLAGE COUNCIL AND ADMINISTRATION

Mr. Vern Thelen	President
Mr. Dennis Simon	President Pro-Tem, Trustee
Mr. John Childers	Trustee
Mr. Rick Fink	Trustee
Mr. Richard Pline	Trustee
Mr. Dave Klein	Trustee
Mr. Roy Smith	Trustee
Ms. Rhonda Feldpausch	Clerk
Mr. John Rademacher	Treasurer

Village of Fowler  
BUSINESS-TYPE ACTIVITIES

TABLE OF CONTENTS

December 31, 2004

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Net Assets	3
Statement of Revenues, Expenses, and Changes in Fund Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10
OTHER SUPPLEMENTARY INFORMATION	
BUSINESS-TYPE ACTIVITIES	
Combining Statement of Net Assets	11
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	12
Combining Statement of Cash Flows	13

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**ABRAHAM & GAFFNEY, P.C.**

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**INDEPENDENT AUDITOR'S REPORT**

To the Honorable President and  
Members of the Village Council  
Village of Fowler  
Fowler, Michigan

We have audited the accompanying financial statements of the business-type activities of the Village of Fowler, Michigan, as of December 31, 2004, and for the year then ended. These financial statements are the responsibility of the Village of Fowler, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note A, the financial statements of the business-type activities are intended to present the financial position, and the changes in financial position and cash flows, of only the business-type activities of the Village of Fowler. They do not purport to, and do not, present fairly the financial position of the Village of Fowler as of December 31, 2004, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the business-type activities of the Village of Fowler, Michigan, as of December 31, 2004, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the Village of Fowler business-type activities financial statements taken as a whole. The accompanying additional information listed in the Table of Contents under Other Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the business-type activities of the Village of Fowler and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The Village of Fowler has not presented the management's discussion and analysis that the Government Accounting Standards Board has determined necessary to supplement, although not required to be part of, the basic financial statements of the business-type activities.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

February 1, 2005

## **FINANCIAL STATEMENTS**

Village of Fowler  
BUSINESS-TYPE ACTIVITIES

STATEMENT OF NET ASSETS

December 31, 2004

ASSETS

Current assets

Cash and cash equivalents	\$ 182,239
Receivables	
Interest	310
Usage	40,743
Special assessment	2,975
Due from other funds	<u>8,000</u>

Total current assets 234,267

Noncurrent assets

Investments	107,336
Investments - restricted	17,695
Unamortized expense	2,977
Capital assets, net of accumulated depreciation	<u>956,711</u>

Total noncurrent assets 1,084,719

TOTAL ASSETS 1,318,986

LIABILITIES

Current liabilities

Accounts payable	3,159
Accrued interest payable	1,119
Current portion of long-term debt	<u>35,000</u>

Total current liabilities 39,278

Noncurrent liabilities

Bonds payable	<u>150,000</u>
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TOTAL LIABILITIES 189,278

NET ASSETS

Invested in capital assets, net of related debt	771,711
Unrestricted	<u>357,997</u>

TOTAL NET ASSETS \$ 1,129,708

See accompanying notes to the financial statements.

Village of Fowler  
BUSINESS-TYPE ACTIVITIES

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND NET ASSETS

Year Ended December 31, 2004

OPERATING REVENUES	
Charges for services	\$ 155,325
Other	<u>1,514</u>
TOTAL OPERATING REVENUES	156,839
OPERATING EXPENSES	
Labor charges	20,267
Supplies	14,725
Contractual services	34,080
Utilities	7,686
Telephone	1,944
Equipment repair	15,240
Equipment rental	5,135
Insurance	2,047
Other	2,864
Amortization	175
Depreciation	<u>58,931</u>
TOTAL OPERATING EXPENSES	<u>163,094</u>
OPERATING LOSS	(6,255)
NONOPERATING REVENUE (EXPENSE)	
Interest revenue	3,317
Interest expense	(10,019)
Intergovernmental - State	<u>1,337</u>
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>(5,365)</u>
CHANGE IN NET ASSETS	(11,620)
Net assets, beginning of year	<u>1,141,328</u>
Net assets, end of year	<u>\$ 1,129,708</u>

See accompanying notes to the financial statements.



Village of Fowler  
BUSINESS-TYPE ACTIVITIES

STATEMENT OF CASH FLOWS

Year Ended December 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 157,957
Payments to suppliers	(83,859)
Payments for labor charges	<u>(20,267)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 53,831

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Intergovernmental sources	1,337
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Interest expenses	(10,019)
Payment of borrowing	<u>(30,000)</u>

NET CASH USED BY CAPITAL  
AND RELATED FINANCING ACTIVITIES (40,019)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(125,031)
Maturities of investments	99,409
Interest revenue	<u>3,317</u>

NET CASH USED BY INVESTING ACTIVITIES (22,305)

NET DECREASE IN CASH AND  
CASH EQUIVALENTS DURING THE YEAR (7,156)

Cash and cash equivalents, beginning of year 189,395

Cash and cash equivalents, end of year \$ 182,239

Reconciliation of operating loss to net income provided  
by operating activities:

Operating loss	\$ (6,255)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	58,931
Decrease in receivables	1,118
Decrease in unamortized expense	175
(Decrease) in accounts payable	(21)
(Decrease) in accrued liabilities	<u>(117)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 53,831

See accompanying notes to the financial statements.

Village of Fowler  
BUSINESS-TYPE ACTIVITIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE A: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Fowler's business-type activities provide public water and sewer utilities to residents of the Village of Fowler. The Business-type activities are funded primarily by water and sewer utility usage fees.

**1. Reporting Entity**

The accompanying financial statements are exclusive presentations of the financial condition and results of operations of the business-type activities. The business-type activities are the Sewer and Water System operations of the Village and those systems are accounted for in separate funds. Industry standards require the Village to include the financial activities of the business-type activities in the Village's Financial Report. The Financial Report of the Village of Fowler is issued every other year and is available for public inspection at the Village Hall for the year ended December 31, 2003, the last year all funds were audited.

**2. Basis of Presentation**

The operations of the business-type activities are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenses. The resources are allocated to and accounted for in the individual fund type based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The fund type in the financial statements in this report is described as follows:

**PROPRIETARY FUNDS**

**Enterprise Funds (Sewer System and Water System)** - The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The business-type activities, as funds of the Village of Fowler, apply all GASB pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. The Village of Fowler has elected not to apply FASB pronouncements issued after November 30, 1989 to its business-type activities and enterprise funds.

**3. Measurement Focus**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Assets. Fund equity (i.e., net total assets) is segregated into invested in capital assets (net of related debt) and unrestricted components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

**4. Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The proprietary funds are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and the expenses are recognized when they are incurred, regardless of the timing of related cash flows.

Village of Fowler  
BUSINESS-TYPE ACTIVITIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE A: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**- CONTINUED**

5. Cash, Cash Equivalents, and Investments

Cash equivalents are temporary investments that consist of various money market checking accounts and savings. The cash and cash equivalents are recorded at market value. Investments include certificates of deposit with an original maturity of greater than 90 days from the date of purchase. All investments are stated at market value in accordance with GASB 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. All certificates of deposit held by the Village at year-end are classified as investments.

6. Restricted Cash and Investments

A portion of the cash, cash equivalents, and investments of the Sewer System and Water System Funds are classified as restricted cash and investments because their use is limited. The Sewer System and Water System Fund's restrictions are due to bond resolution requirements to maintain certain balances in separate accounts for debt service and general purpose reserves.

7. Capital Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with a fund are determined by its measurement focus. The proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with the activity are included on the statement of net assets.

Capital assets are recorded at cost, or if donated, at fair market value at the date of donation. Expenses which materially extend the useful life of existing assets are capitalized. Depreciation of all exhaustible capital assets used by the proprietary fund is charged as an expense against operations. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets.

The estimated useful lives are:

Buildings, Lagoon, Water Plant, and Improvements	10 - 40 years
Machinery and Equipment	10 - 20 years

8. Compensated Absences

Accumulated sick pay amounts of the Department of Public Works (DPW) employees are vested (i.e., are payable at termination). As of December 31, 2004, DPW employees had no material accumulated unused sick amounts which needed to be recorded in the business-type activities.

9. Comparative Data

Comparative data has not been presented for the business-type activities since their inclusion would make the statements unduly complex and difficult to read.

Village of Fowler  
BUSINESS-TYPE ACTIVITIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS**

In accordance with Michigan Compiled Laws, the Village is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration, or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers' acceptances of United States banks.
6. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal loan mortgage corporation, Federal national mortgage association, or government national mortgage association.

A portion of the cash, cash equivalents, and investments of the business-type activities are covered by Federal deposit insurance along with other deposits of the Village, limited to \$100,000 in total deposits for each bank customer. Since the Village has other accounts with the same bank that are not part of the business-type activities it is not practical to determine what portion of the funds are insured.

**NOTE C: INTERFUND RECEIVABLES AND PAYABLES**

The interfund receivables and payables are not in balance within the Enterprise Funds as the corresponding interfund payable is due from the General Fund which is not included within these Enterprise Fund financial statements.

Village of Fowler  
BUSINESS-TYPE ACTIVITIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE D: CAPITAL ASSETS**

Business-type activities' capital asset activity for the year ended December 31, 2004, was as follows:

	Balance Jan. 1, 2004	Additions	Deletions	Balance Dec. 31, 2004
Business-type activities:				
Land	\$ 38,043	\$ -	\$ -	\$ 38,043
Buildings	17,967	-	-	17,967
Water Plant	1,193,708	-	-	1,193,708
Lagoon	427,419	-	-	427,419
Improvements	475,183	-	-	475,183
Machinery and equipment	<u>28,493</u>	<u>-</u>	<u>-</u>	<u>28,493</u>
Totals at historical cost	2,180,813	-0-	-0-	2,180,813
Less accumulated depreciation for:				
Buildings	( 17,616 )	( 351 )	-	( 17,967 )
Water Plant	( 686,389 )	( 29,843 )	-	( 716,232 )
Lagoon	( 233,589 )	( 14,241 )	-	( 247,830 )
Improvements	( 205,556 )	( 13,288 )	-	( 218,844 )
Machinery and equipment	<u>( 22,021 )</u>	<u>( 1,208 )</u>	<u>-</u>	<u>( 23,229 )</u>
Total accumulated depreciation	<u>( 1,165,171 )</u>	<u>( 58,931 )</u>	<u>-0-</u>	<u>( 1,224,102 )</u>
Capital assets, net	<u>\$ 1,015,642</u>	<u>\$( 58,931 )</u>	<u>\$( 21,207 )</u>	<u>\$ 956,711</u>

**NOTE E: LONG-TERM DEBT**

The following is a summary of changes in long-term debt (including current portion) of the Village business-type activities for the year ended December 31, 2004:

	Balance Jan. 1, 2004	Additions	Deletions	Balance Dec. 31, 2004	Amounts Due Within One Year
Sewer System Fund					
Sanitary Sewer Bonds	\$ 60,000	\$ -	\$ 15,000	\$ 45,000	\$ 15,000
Water System Fund					
1997 Refunding Bonds	<u>155,000</u>	<u>-</u>	<u>15,000</u>	<u>140,000</u>	<u>20,000</u>
	<u>\$ 215,000</u>	<u>\$ -0-</u>	<u>\$ 60,000</u>	<u>\$ 185,000</u>	<u>\$ 35,000</u>

In 1997 the Village entered into an agreement with the Michigan Municipal Bond Authority to refund the 1989 Water Supply System Revenue Bonds and replace them with the 1997C Refunding Bonds. The refunding of the bonds did not change the Village's principal amounts due or the timing or duration of the payments but provided a better interest rate on the outstanding bonds. This resulted in a reduction in future interest payments by \$36,470.

Village of Fowler  
BUSINESS-TYPE ACTIVITIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE E: LONG-TERM DEBT - CONTINUED**

Significant details regarding outstanding long-term debt (including current portion) are presented below:

Sanitary Sewer System Revenue Bonds

\$125,000 1997 Wastewater Treatment System Revenue Bonds dated June 1, 1997, due in annual installments of \$15,000 through June 1, 2007, with interest ranging from 5.05 to 6.00 percent, payable annually. \$ 45,000

Water Supply System Refunding Bonds

\$240,000 1997C Water Supply System Refunding Bonds dated October 30, 1997, due in annual installments ranging from \$20,000 to \$30,000 through November 1, 2010, with interest ranging from 3.9 to 5.1 percent, payable annually. 140,000  
\$ 185,000

The annual requirements to pay the debt principal and interest outstanding for the bonds are as follows:

Year Ending December 31,	<u>Revenue Bonds</u>		<u>Refunding Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 15,000	\$ 1,958	\$ 20,000	\$ 6,735
2006	15,000	1,185	20,000	5,805
2007	15,000	398	20,000	4,865
2008	-	-	30,000	3,815
2009	-	-	25,000	2,475
2010	-	-	25,000	1,250
	<u>\$ 45,000</u>	<u>\$ 3,541</u>	<u>\$ 140,000</u>	<u>\$ 24,945</u>

**NOTE G: RISK MANAGEMENT**

The Village participates in a pool, the Michigan Municipal Liability and Property Pool, with other municipalities for various risks of loss including employer's liability, errors and omissions, and property and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. The Village has no liability for additional assessments based on the claims filed against the pool nor do they have any right to dividends.

The Village also participates in a pool, the Michigan Municipal Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. The Village has no liability for additional assessments based on the claims filed against the pool nor do they have any right to dividends.



## **OTHER SUPPLEMENTARY INFORMATION**



Village of Fowler  
BUSINESS-TYPE ACTIVITIES

STATEMENT OF NET ASSETS

December 31, 2004

	Sewer System	Water System	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 120,765	\$ 61,474	\$ 182,239
Receivables			
Interest	-	310	310
Usage	17,127	23,616	40,743
Special assessment	-	2,975	2,975
Due from other funds	8,000	-	8,000
	<u>145,892</u>	<u>88,375</u>	<u>234,267</u>
Total current assets			
Noncurrent assets			
Investments	12,830	94,506	107,336
Investments - restricted	-	17,695	17,695
Unamortized expense	2,977	-	2,977
Capital assets, net of accumulated depreciation	360,193	596,518	956,711
	<u>376,000</u>	<u>708,719</u>	<u>1,084,719</u>
Total noncurrent assets			
<b>TOTAL ASSETS</b>	521,892	797,094	1,318,986
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	770	2,389	3,159
Accrued interest payable	-	1,119	1,119
Current portion of long-term debt	15,000	20,000	35,000
	<u>15,770</u>	<u>23,508</u>	<u>39,278</u>
Total current liabilities			
Noncurrent liabilities			
Bonds payable	30,000	120,000	150,000
	<u>45,770</u>	<u>143,508</u>	<u>189,278</u>
<b>TOTAL LIABILITIES</b>			
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	315,193	456,518	771,711
Unrestricted	160,929	197,068	357,997
	<u>476,122</u>	<u>653,586</u>	<u>\$ 1,129,708</u>
<b>TOTAL NET ASSETS</b>			

Village of Fowler  
BUSINESS-TYPE ACTIVITIES

COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS

Year Ended December 31, 2004

	Sewer System	Water System	Total
OPERATING REVENUES			
Charges for services	\$ 62,498	\$ 92,827	\$ 155,325
Other	624	890	1,514
	<u>63,122</u>	<u>93,717</u>	<u>156,839</u>
TOTAL OPERATING REVENUES	63,122	93,717	156,839
OPERATING EXPENSES			
Labor charges	9,637	10,630	20,267
Supplies	1,598	13,127	14,725
Contractual services	11,658	22,422	34,080
Utilities	2,806	4,880	7,686
Telephone	972	972	1,944
Equipment repair	6,725	8,515	15,240
Equipment rental	2,498	2,637	5,135
Insurance	949	1,098	2,047
Other	1,265	1,599	2,864
Amortization	175	-	175
Depreciation	21,533	37,398	58,931
	<u>59,816</u>	<u>103,278</u>	<u>163,094</u>
TOTAL OPERATING EXPENSES	59,816	103,278	163,094
OPERATING INCOME (LOSS)	3,306	(9,561)	(6,255)
NONOPERATING REVENUE (EXPENSE)			
Interest revenue	1,154	2,163	3,317
Interest expense	(2,719)	(7,300)	(10,019)
Intergovernmental - State	-	1,337	1,337
	<u>(1,565)</u>	<u>(3,800)</u>	<u>(5,365)</u>
TOTAL NONOPERATING REVENUE (EXPENSE)	(1,565)	(3,800)	(5,365)
CHANGE IN NET ASSETS	1,741	(13,361)	(11,620)
Net assets, beginning of year	<u>474,381</u>	<u>666,947</u>	<u>1,141,328</u>
Net assets, end of year	<u>\$ 476,122</u>	<u>\$ 653,586</u>	<u>\$ 1,129,708</u>

Village of Fowler  
BUSINESS-TYPE ACTIVITIES

STATEMENT OF CASH FLOWS

Year Ended December 31, 2004

	Sewer System	Water System	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 63,129	\$ 94,828	\$ 157,957
Payments to suppliers	(28,342)	(55,517)	(83,859)
Payments for labor charges	(9,637)	(10,630)	(20,267)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>25,150</b>	<b>28,681</b>	<b>53,831</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Intergovernmental sources	-	1,337	1,337
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest expense	(2,719)	(7,300)	(10,019)
Payment of borrowing	(15,000)	(15,000)	(30,000)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(17,719)</b>	<b>(22,300)</b>	<b>(40,019)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of investments	(12,830)	(112,201)	(125,031)
Maturities of investments	12,613	86,796	99,409
Interest revenue	1,154	2,163	3,317
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>937</b>	<b>(23,242)</b>	<b>(22,305)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>8,368</b>	<b>(15,524)</b>	<b>(7,156)</b>
Cash and cash equivalents, beginning of year	112,397	76,998	189,395
Cash and cash equivalents, end of year	<u>\$ 120,765</u>	<u>\$ 61,474</u>	<u>\$ 182,239</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 3,306	\$ (9,561)	\$ (6,255)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	21,533	37,398	58,931
Decrease in receivables	7	1,111	1,118
Decrease in unamortized expense	175	-	175
Increase (decrease) in accounts payable	129	(150)	(21)
(Decrease) in accrued liabilities	-	(117)	(117)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 25,150</b>	<b>\$ 28,681</b>	<b>\$ 53,831</b>